

Message Text

LIMITED OFFICIAL USE

PAGE 01 TOKYO 00919 231230Z

12

ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 PM-03 H-01 INR-07 L-02 NSAE-00

NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

TRSE-00 OMB-01 ACDA-05 SAM-01 /069 W

----- 008219

P 230745Z JAN 75 ZDK

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 7479

INFO SECDEF WASHDC PRIORITY

JCS WASHDC PRIORITY

CINCPAC HONOLULU HAWAII

COMUSJAPAN YOKOTA JAPAN PRIORITY

COMNAVFORJAPAN YOKOSUKA JAPAN PRIORITY

CDR USARJ CAMP ZAMA JAPAN

AMCONSUL NAHA PRIORITY

AMCONSUL SAPPORO PRIORITY

LIMITED OFFICIAL USE TOKYO 0919

CINCPAC FOR POLAD

E.O. 11652: N/A

TAGS: MARR JA

SUBJ: JFY 1975 JDA BUDGET REQUEST

SUMMARY: JDA JFY 75 BUDGET REQUEST UP 21.4 PERCENT -- OR 3

PERCENT LESS THAN

OVERALL NATIONAL BUDGET REQUEST. INFLATION, HIGHER PERSONNEL COSTS, INCREASED COMPENSATION MEASURES TO BASE-IMPACTED AREAS AND SUBSTANTIALLY INCREASED RELOCATION CONSTRUCTION FUNDING FOR US BASE CONSOLIDATION PROGRAMS ALL COMBINED TO REDUCE FUNDS AVAILABLE FOR JSDF PERSONNEL INCREASES AND PROCUREMENT OF NEW WEAPONS. RESULT IS FURTHER CURTAILMENT AND STRETCH-OUT OF ALREADY SIGNIFICANTLY CUT BACK 4TH DEFENSE BUILD-UP PLAN. END SUMMARY

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TOKYO 00919 231230Z

1. FOLLOWING RAPID REVIEW OF JFY 75 NATIONAL BUDGET PREPARED

BY PREVIOUS TANAKA CABINET, NEW MIKI CABINET APPROVED BUDGET REQUEST OF 21.288 TRILLION YEN (300 YEN TO \$1 US) JANUARY 10 FOR SUBMISSION TO DIET. THIS TOTAL AMOUNTS TO A 24.5 PERCENT INCREASE OVER JFY 74 BUDGET REQUEST.

2. JFY 75 BUDGET REQUEST FOR JAPAN DEFENSE AGENCY (JDA) TOTALED 1.327 TRILLION YEN -- UP 21.4 PERCENT OVER JFY 74, THUS RISE IN JDA REQUEST LAGGING BEHIND RATE OF OVERALL NATIONAL BUDGET INCREASE THIS YEAR. IN CONTRAST, JFY 74 INCREASE OVER JFY 73 WAS 16.8 PERCENT FOR BOTH NATIONAL AND JDA BUDGET REQUESTS.

3. ALTHOUGH 21.4 PERCENT INCREASE MAY SEEM TO REPRESENT OPPORTUNITY FOR SELF-DEFENSE FORCES TO SIGNIFICANTLY EXPAND WEAPONS PROCUREMENT AND PERSONNEL STRENGTHS, REVERSE IS ACTUALLY THE CASE. PRONOUNCED INFLATIONARY TRENDS OF JAPANESE ECONOMY, HEFTY WAGE BOOSTS FOR ALL JAPANESE GOVERNMENT EMPLOYEES IN 1974 (IN EXCESS OF 30 PERCENT) AND INCREASED DEMANDS OF SIMULTANEOUSLY MORE EXPENSIVE AND SIGNIFICANTLY EXPANDING RELOCATION CONSTRUCTION PROGRAMS FOR US BASE CONSOLIDATIONS HAVE ALL COMBINED TO ACTUALLY REDUCE FUNDS AVAILABLE FOR EITHER PROCUREMENT OR FORCE-LEVEL INCREASES. PERSONNEL COSTS WILL ABSORB 60 PERCENT OF OVERALL JDA BUDGET BY END OF JFY 75 (NOT COUNTING RETIREMENT WHICH IS FUNDED BY NATIONAL SOCIAL SECURITY SYSTEM). PERSONNEL COST INCREASES IN 1975 OVER 1974 WILL EAT UP 16-17 PERCENT OF 21.4 PERCENT JDA INCREASE, LEAVING ONLY 5 PERCENT AT BEST TO COVER OTHER COST EFFECTS OF 1974'S 26.5 PERCENT INFLATION, INCREASED RELOCATION CONSTRUCTION AND BASE-IMPACTED AREA COMPENSATION MEASURES.

4. HEFTY INCREASE IN BASE-IMPACTED AREAS COMPENSATION IS RESULT OF LAW PASSED IN 1974 BY DIET WHICH VASTLY INCREASED GOJ COMPENSATION FOR LOCALITIES SUFFERING FROM QTE BASE POLLUTION UNQTE. DETAILS NOT AVAILABLE BUT AMOUNT MAY GO FROM ABOUT \$80 MILLION TO OVER \$200 MILLION.

5. EFFECTS OF EROSION OF JDA'S BUYING POWER HAVE BEEN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TOKYO 00919 231230Z

CONCENTRATED IN AREAS OF WEAPONS PROCUREMENT AND PERSONNEL EXPANSION. ALTHOUGH NEW ACQUISITIONS HAVE NOT BEEN CANCELLED OUTRIGHT, ANNUAL PROCUREMENT LEVELS FOR MOST NEW ITEMS HAVE HAD TO BE SIGNIFICANTLY REDUCED AND POSTPONED, FURTHER STRETCHING OUT REALIZATION OF ALREADY SIGNIFICANTLY CURTAILED 4TH DEFENSE BUILD-UP PLAN. EFFECT OF INCREASED PERSONNEL COSTS IS ILLUSTRATED BY FACT THAT LARGEST BUDGET INCREASE (27.6 PERCENT) WENT TO NUMERICALLY LARGE GSDF WHICH RECEIVED NO

AUTHORIZATION FOR INCREASING PERSONNEL. ON OTHER HAND,
NUMERICALLY SMALL MSDF REGISTERED
LOWEST BUDGET INCREASE (12.2 PERCENT) BUT WAS AUTHORIZED
PERSONNEL INCREASE OF 517. ASDF WAS AUTHORIZED PERSONNEL
INCREASE OF 336.

6. EFFECTS OF RECENT STRONG INFLATION AND COMMODITY PRICE
AND LABOR COST INCREASES HAVE TENDED TO MAKE DOMESTIC JAPANESE
DEVELOPMENT, PRODUCTION AND PROCUREMENT OF MAJOR NEW WEAPONS
SYSTEMS MORE EXPENSIVE THAN OFFSHORE ALTERNATIVES. NEVERTHELESS,
NO MAJOR NEW US-PRODUCED WEAPONS SYSTEMS ARE SLATED FOR
PROCUREMENT BY JSDF DURING JFY 75. NOR DOES BUDGET CONTAIN ANY
FUNDING
REQUEST FOR ASW OR AEW SYSTEMS.

7. FUNDS ALLOCATED FOR RELOCATION CONSTRUCTION FOR US BASE
CONSOLIDATIONS INCREASED SUBSTANTIALLY. TOTAL RELOCATION
BUDGET REQUEST AMOUNTS TO 57.14 BILLION YEN (APPROXIMATELY \$190
MILLION), A SIGNIFICANT JUMP OVER \$72 MILLION REQUESTED FOR
JFY 74, COMBINING ACTUAL DISBURSEMENTS AND CONTRACT
AUTHORIZATIONS FOR CONSTRUCTION DURING JFY 76, TOTAL OF 61 JFAP
PROJECTS WILL
HAVE BEEN FUNDED THROUGH END JFY 75. SPECIAL ACCOUNT REQUEST
OF 20.6 BILLION YEN (12.9 IN DISBURSEMENT AND 7.7 IN CONTRACTING
AUTHORITY) PROVIDES FUNDING FOR BULK OF REMAINING KPCP PROJECTS.
FONOFF HAS INFORMED EMBASSY THAT FY 76 BUDGET
WILL INCLUDE FUNDS
NECESSARY TO COMPLETE ALL REMAINING KPCP PROJECTS (ABOUT
10 BILLION YEN). IN OTHER CONSOLIDATION PLANS, ALTHOUGH
NO FUNDING FOR OBCP WAS INCLUDED (OR EXPECTED), FUNDS FOR 230
OF AGREED 778 UNITS OF YOKOHAMA HOUSING RELOCATION WERE INCLUDED.

8. DETAILED ANALYSES OF BUDGET REQUEST BY COMUSJAPAN AND MDAO
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 TOKYO 00919 231230Z

FOLLOW SEPTELS.
HODGSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY BUDGET
Control Number: n/a
Copy: SINGLE
Draft Date: 23 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchant0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TOKYO00919
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750025-0752
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750125/aaaaavup.tel
Line Count: 156
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: buchant0
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 JUL 2003 by ShawDG>; APPROVED <23 DEC 2003 by buchant0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JFY 1975 JDA BUDGET REQUEST SUMMARY: JDA JFY 75 BUDGET REQUEST UP 21.4 PERCENT -- OR 3
TAGS: MARR, JA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006